

Message Text

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ACTION EUR-12

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E.O. 11652: N/A

TAGS: ENRG, OECD

SUBJECT: IEA: SEQ: STANDING GROUP MEETING MARCH 19,
1975; AD HOC WORKING GROUP ON STOCKS MARCH 18, 1975

1. SUMMARY: THE STANDING GROUP ON EMERGENCY QUESTIONS MET ON MARCH 19 TO REVIEW THE WORK OF THE AD HOC WORKING GROUPS ON DATA AND ALLOCATION, BUNKERS, AND STOCKS AND TO DISCUSS THE FORMATION OF THE INDUSTRY ADVISORY BOARD, THE DEVELOPMENT OF THE SPECIAL SECTION OF THE INFORMATION SYSTEM AND THE FUTURE WORK PROGRAM OF THE STANDING GROUP. THE MEETING OF THE STANDING GROUP WAS PRECEDED ON MARCH 18 BY A MEETING OF THE AD HOC WORKING GROUP ON STOCKS. END SUMMARY

2. DATA AND ALLOCATION - SECRETARIAT CIRCULATED A REVISED DRAFT OF SO-CALLED HANDBOOK OF IEP EMERGENCY PROCEDURES FOR WRITTEN COMMENT BUT MADE CLEAR THAT COMPLETION OF THIS EFFORT MUST AWAIT: (1) FURTHER DISCUSSIONS WITH COMPANIES IN IAB; (2) COMPLETION OF WORK BY AD HOC GROUPS ON BUNKERS AND STOCKS, AND; (3) DATA FROM THE U.S. AND CANADA ON INTERNAL REGIONS

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ESTABLISHED FOR PURPOSE OF INTERNATIONAL ALLOCATION

UNDER ARTICLE 17.2. U.S. AND SEVERAL OTHER DELEGATIONS SUBMITTED INITIAL REPLIES TO IEA DATA QUESTIONNAIRES B (COUNTRY EMERGENCY DATA) AND C (DEMAND RESTRAINT POTENTIAL) DURING THE MEETING BUT SECRETARIAT NOTED THAT LARGE GROUP OF COUNTRIES STILL DELINQUENT ON THESE AS WELL AS QUESTIONNAIRE D(HISTORIC DATA). FEW REPORTS FROM COMPANIES HAVE BEEN RECEIVED PENDING RESOLUTION OF U.S. ANTI-TRUST SITUATION. SECRETARIAT ACKNOWLEDGED THAT QUESTIONNAIRE MAY REQUIRE SUBSEQUENT REVISION AND WILL CONSIDER SUCH MODIFICATIONS ONCE REPLIES AND COMMENTS FROM ALL COUNTRIES RECEIVED.

3. ORGANIZATION OF INDUSTRY ADVISORY BOARD (IAB) WAS DISCUSSED BUT DATE FOR FIRST MEETING WILL NOT BE SET (ALTHOUGH APRIL 10 REMAINS TARGET) UNTIL OUTLOOK FOR VOLUNTARY AGREEMENT IS CLEARER. U.S. DELEGATION DESCRIBED PRESENT STATUS OF VOLUNTARY AGREEMENT AND COMPLICATIONS OF AGREEMENT FOR PARTICIPATION OF U.S. COMPANIES IN WORK OF IAB. SEQ AGREED WITH SUGGESTION OF CHAIRMAN THAT HE AS WELL AS MEMBER OF SECRETARIAT ATTEND IAB MEETINGS AS APPROPRIATE.

4. STOCKS: THE SEQ ACCEPTED PROVISIONALLY THE RECOMMENDATION OF THE AD HOC GROUP ON STOCKS TO CONFIRM THE REDUCTION OF 10 PERCENT IN STOCKS AS THOSE BEING ABSOLUTELY UNAVAILABLE IN EMERGENCIES (ANNEX, ARTICLE 3). RECOMMENDATION WILL REMAIN PROVISIONAL UNTIL DISCUSSIONS WITH COMPANIES CAN BE COMPLETED IN IAB. SECRETARIAT QUESTIONNAIRE ON STOCKS WAS ALSO CIRCULATED TO SEQ MEMBERS FOR REVIEW WITH REQUEST THAT IT BE COMPLETED FOR DISCUSSION AT NEXT MEETING OF THE STANDING GROUP.

5. BUNKERS - THE U.S. DELEGATE PRESENTED THE REPORT OF THE CHAIRMAN OF THE AD HOC GROUP ON BUNKERS (IEA/SEQ/M (75)8). ON BASIS OF REPORT AND DISCUSSION SEQ TOOK THE FOLLOWING ACTIONS RELATED TO MARINE BUNKERS:
(1) AGREED THAT 100 PERCENT OF CURRENT REQUIREMENTS SHOULD BE PROVIDED DURING AN EMERGENCY; (2) AGREED THAT IN VIEW OF EXTREME DIFFICULTY IN ESTABLISHING LIMITED OFFICIAL USE

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CARGO PRIORITIES THAT FURTHER EFFORTS IN THIS REGARD SHOULD NOT BE MADE UNTIL CONDITIONS OF ARTICLE 20 OF THE AGREEMENT EXIST (RESERVES DRAWN DOWN TO 50 PERCENT) OR WHENEVER THE IEA OR A PARTICIPATING COUNTRY THINKS IT NECESSARY TO RAISE THE ISSUE AND PRESENTS THE CASE FOR PRIORITY; (3) AGREED TO OBTAIN VIEWS OF IAB ON HOLDING BUNKERS IN NON-IEA COUNTRIES AND QUESTION OF INCLUSION INTERNATIONAL BUNKERS IN FINAL CONSUMPTION OF PETROLEUM

PRODUCTS AS DEFINED IN ARTICLE 7.3. THE MAJORITY
FAVORED AD HOC GROUP'S RECOMMENDATION FOR INCLUDING
SUCH BUNKERS IN FINAL CONSUMPTION ALTHOUGH THIS SHOULD
NOT PREJUDICE THE QUESTION OF HOLDING EMERGENCY STOCKS
AGAINST SUCH BUNKERS. (LATTER QUESTION WILL BE TAKEN UP

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BY AD HOC GROUP ON STOCKS.)

6. ON AVIATION BUNKERS, SEQ DISCUSSED DEFINITION OF
INTERNATIONAL AIR CARRIAGE BUT ADOPTION WAS DEFERRED
PENDING CONSIDERATION OF CHANGES PROPOSED BY UK
DELEGATION. THE QUESTION OF ACTIVATION OF THE 5 PERCENT
DEMAND RESTRAINT FOR AVIATION BUNKERS IN TIMES OF
EMERGENCY WAS REFERRED BACK TO THE AD HOC GROUP FOR
FURTHER DEVELOPMENT OF PROS AND CONS OF THIS ISSUE.
THE QUESTION OF DISCRIMINATION BETWEEN CHARTERED AND
SCHEDULED FLIGHTS DURING AN EMERGENCY PERIOD WAS
DISCUSSED BUT NO DECISION WAS TAKEN PENDING REVIEW OF
LEGAL STATUS THESE FLIGHTS BY IEA LEGAL ADVISER.

7. FUTURE WORK - THE STANDING GROUP DISCUSSED THE REPORTS FROM THE SEQ TO THE GOVERNING BOARD REQUIRED BY ANNEXARTICLES 6-8. PREPARATION OF A DRAFT REPORT ON CHANGES IN THE REFERENCE PERIOD FOR CALCULATING EMERGENCY RESERVE COMMITMENTS (ARTICLE 7) WAS REFERRED TO THE AD HOC GROUP ON DATA AND ALLOCATION. CONSIDERA-

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TION OF REPORTS COVERING: (1) THE POSSIBILITY OF CREDITING LONG TERM INVESTMENTS TOWARD EMERGENCY RESERVE COMMITMENT (ARTICLE 6) WILL BE DEFERRED UNTIL SLT WORK IS FURTHER ADVANCED. THE REPORT ON THE ELIMINATION OF POSSIBLE STATISTICAL ANOMALIES IS TO BE POSTPONED UNTIL DATA SYSTEM NOW BEING ESTABLISHED HAS BEEN IN OPERATION FOR SUFFICIENT PERIOD TO PROVIDE BASIS FOR ANALYSIS OF THIS PROBLEM.

8. OTHER BUSINESS - AT REQUEST OF CERTAIN DELEGATIONS MEMBERSHIP IN AD HOC GROUPS WAS EXPANDED TO INCLUDE JAPAN AND BELGIUM (STOCKS), SWISS (DATA AND ALLOCATION), ITALY (NAPHTHA GROUP WHEN FORMED). NEXT MEETING OF SEQ WILL BE SCHEDULED FOLLOWING FORMATION OF IAB AND MOST PROBABLY IN LATE APRIL OR EARLY MAY.

9. STOCKS - AT SEPARATE MEETING ON MARCH 18, THE AD HOC GROUP ON STOCKS REVIEWED AND EXTENSIVELY REVISED THE DRAFT QUESTIONNAIRE FOR AN IEA SURVEY OF NATIONAL REGULATIONS' DEFINITIONS, AND REPORTING PROCEDURES FOR OVERALL AND EMERGENCY OIL STOCKS. THE REVISED QUESTIONNAIRE WAS SUBMITTED TO THE SEQ FOR DISCUSSION AND APPROVAL. THE U.S.-CANADA PAPER ON STANDBY OIL PRODUCING CAPACITY AND THE UK-WEST GERMANY NOTE ON FUEL SWITCHING CAPACITY WERE REVIEWED AND SUBSEQUENTLY DISTRIBUTED TO ALL MEMBERS OF THE SEQ FOR FURTHER CONSIDERATION. STOCKS GROUP TENTATIVELY SET NEXT MEETING FOR APRIL 11. PROVISIONAL AGENDA FOR LATTER MEETING INCLUDES: 1) POSSIBLE INCLUSION INTERNATIONAL MARINE AND AVIATION BUNKERS IN STOCK REQUIREMENT; 2) EXAMINATION AND REPORT ON THE REFERENCE PERIOD FOR CONSUMPTION AND NET IMPORTS FOR DETERMINING EMERGENCY RESERVES; 3) CONSIDER COMMENTS ON THE STANDBY PRODUCTION AND FUEL SWITCHING CAPACITY PAPERS; AND 4) REVIEW OF STOCK QUESTIONNAIRE AND INFORMATION OBTAINED THEREFROM.

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